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Financial Report
OF
GEO. A. HORMEL & COMPANY
AUSTIN, MINNESOTA
for the
Fiscal Year Ended October 25, 1941

OFFICERS

Geo. A. Hormel	- - - - -	Chairman of the Board
Jay C. Hormel	- - - - -	President
Ben F. Hormel	- - - - -	Senior Vice President
H. H. Corey	- - - - -	Vice President & General Manager
R. H. Daigneau	- - - - -	Vice President
C. D. Bigelow	- - - - -	Secretary
M. F. Dugan	- - - - -	Treasurer



DIRECTORS

S. D. Catherwood	
H. H. Corey	
R. H. Daigneau	
Park Dougherty	
M. F. Dugan	
John J. Higgins	
T. H. Hocker	
Ben F. Hormel	
Geo. A. Hormel	
Jay C. Hormel	
O. W. O'Berg	
L. E. Wakefield	

Austin, Minnesota
November 19, 1941

To the Stockholders of
Geo. A. Hormel & Company

The business of Geo. A. Hormel & Company has closed its fiftieth fiscal year. The earnings statement and balance sheet of this company for that year, ended October 25, 1941, is submitted herewith.

The total sales of product for the year amounted to 490,429,228 pounds, which was an increase of 18,056,481 pounds, or about 3.8 per cent, over a year ago. In dollars, net sales amounted to \$74,598,633.14, an increase of \$12,345,673.75, or about 19.8 per cent over last year.

A year ago, our annual hog slaughter was the largest for any year in the company's history. This past year it was again increased, by 5.2 per cent, to a new all-time high of 1,207,886 head.

The tonnage of sheep, calves and cattle was approximately the same as the year previous.

The net worth of the company now stands at \$12,189,941.76. Net current assets are \$6,612,428.53. The ratio of current assets to current liabilities is 3.54 to 1.

The company continues to price its inventory at the lower of cost or market, as has been its custom in the past. All known bad debts have been charged off in full. Loss on capital assets scrapped or disposed of has been charged off in full. \$575,817.71 has been charged off for depreciation on plant and equipment. The balance sheet carries substantial reserves for contingencies. All taxes have been provided for, including Social Security accruals. These Social Security taxes amount to \$114,850.15 less than last year. Almost

all of this saving is accounted for by the lesser rate imposed under the experience rating provisions which came into effect during this past year, and under which the company qualifies for a low rate because of the straight time plan, which provides continuous and regular employment for our people.

In this connection it is interesting to note that of the people on the payroll five years ago only 384 have left our employ. This number includes female employees who have left to get married and those who have had to retire for family reasons, as well as those men who have come to retirement age. It takes into account company employees in all parts of the country, and thus the separations from all causes amount to less than 2 per cent per year.

Alterations and minor extensions have been made to provide a material expansion in pork slaughtering and in processing capacities. This has been done in line with the increased needs brought about by the national defense program, enabling the company to properly handle the live stock coming from this area. New, modern facilities, equipped for processing and as a distributing branch, were constructed in Birmingham, Alabama. A new shipping building was built in Austin.

This new Austin building is an innovation in the packing industry. Previous packing house constructions have tended to be multi-storied buildings, designed to use gravity in the movement of product from floor to floor. With the development of rapid and economical lateral transportation, it has seemed that this method of moving product, which has proven more economical in so many other industries, should be adapted to the packing house. The new shipping building is the first unit of what we are pleased to call "the packing house of the future."

Being of one-story construction, less room is taken by columns and walls. Buildings are laid out in "blocks" 120 feet square, and on each side of the block is a "street" designed for high speed transportation. Being thus equipped to transport rapidly and economically, it is no longer necessary to have operations calling for different

temperatures adjacent to one another. Therefore, in this packing house of the future, there will be only as many rooms as there are needs for different temperature and atmospheric conditions. One room may consist of many blocks and many streets serving a variety of purposes. The cost of constructing a building of this kind is about one-half the cost of constructing a building of the old type. The cost of handling product is very much reduced, and by the elimination of walls and doors, the cost of maintenance will be much less.

The company is co-operating with the government in the national defense program. It will be remembered that Geo. A. Hormel & Company pioneered canned pork in this country, and the significance of this pioneering is apparent when it is noted that, since April 1 of this year, the Federal Surplus Commodities Corporation has purchased over 181,000,000 pounds of canned pork from the packing industry for shipment overseas. This company, alone, is diverting to government purposes a large share of its production facilities for the manufacture of canned meats, particularly spiced ham and luncheon meat. In addition, the company is working with the government on the development and canning of a four ounce canned meat ration for use by parachute and other troops.

Consistent with its policy in the past, the management has taken all steps necessary to safeguard the ability of the company to provide continually increasing marketability for the products of live stock, to safeguard the opportunity of employees to find here increasingly secure and remunerative employment, and to safeguard the investment and income of stockholders.

It believes that the condition of the company and the momentum of the business indicate that this fifty-first year on which we are starting will mark the beginning of an era in which Geo. A. Hormel & Company can be of better service to more people than at any time in the past.

JAY C. HORMEL
President

CONSOLIDATED

Geo. A. Hormel & Company -

October

ASSETS

CURRENT

Cash-----		\$ 1,062,964.02
Trade accounts receivable - less reserve of \$100,000-----		3,222,237.06
Inventories:		
Products - priced on the basis of year-end market or accumulated cost (i.e., market at date of production), whichever is lower--	\$4,055,220.79	
Livestock and supplies - at the lower of cost or market-----	875,188.44	4,930,409.23
TOTAL CURRENT ASSETS		\$ 9,215,610.31

INVESTMENTS AND OTHER ASSETS

Properties not used in operations, at cost less reserves for depreciation of \$11,627.44 and reserves for revaluation of \$38,988--	\$ 39,311.99	
Sundry securities, notes, accounts, etc., less reserve of \$54,300-----	34,943.74	
Notes, accounts and stock purchase contracts receivable from employees-----	13,107.24	87,362.97

PROPERTY, PLANT AND EQUIPMENT

Land - at cost-----	\$ 151,653.28	
Buildings, machinery, equipment, etc. - at cost less reserves for depreciation of \$3,465,200.05-----	5,377,748.15	
	\$5,529,401.43	
Less reserves for revaluation of certain branch plants and feeder farms-----	73,990.54	5,455,410.89

PREPAID

Supplies inventories, prepaid insurance, etc.--		267,078.58
		<u>\$15,025,462.75</u>

BALANCE SHEET

Austin, Minnesota, and Subsidiary

25, 1941

LIABILITIES

CURRENT

Note payable to bank – paid October 27, 1941_	\$ 100,000.00
Accounts payable not due, including pay rolls, employees' bonuses and other accrued expenses	1,516,839.08
Dividends – payable November 15, 1941_____	254,181.00
Taxes – local, social security and Federal capital stock taxes and provision for Federal and State taxes on income – estimated_____	732,161.70

TOTAL CURRENT LIABILITIES

\$ 2,603,181.78

RESERVE – for contingencies, less \$112,978.54
appropriated as reserves for revaluation of prop-
erties – contra _____

216,570.62

MINORITY INTEREST – in capital stock and
surplus of subsidiary _____

15,768.59

CAPITAL STOCK AND SURPLUS

Preferred stock, cumulative, par value \$100:

Authorized 48,935 shares

Issued – Class A, 6%

(callable at \$105) _____ 14,554 shares \$1,455,400.00

In treasury _____ 100 shares 10,000.00

Outstanding _____ 14,454 shares \$1,445,400.00

Common stock, no par value:

Authorized 500,000 shares

Issued _____ 493,944 shares \$6,116,585.81

In treasury _____ 28,944 shares 358,413.56

Outstanding _____ 465,000 shares \$5,758,172.25

Surplus (consists of earned surplus of predecessor
corporation as of October 29, 1928, date of in-
corporation under Delaware law, plus undis-
tributed earned surplus of present corporation)

4,986,369.51

CAPITAL STOCK AND SURPLUS

12,189,941.76

\$15,025,462.75

Contingent liabilities – \$5,980.08

SUMMARY OF INCOME AND SURPLUS
 Geo. A. Hormel & Company - Austin, Minnesota
 and Subsidiary

Fiscal Year Ended October 25, 1941

Net sales-----		\$74,598,633.14
Deduct:		
Cost of products sold; selling, administrative and general expenses, exclusive of depreciation and taxes-----	\$71,890,329.94	
Provision for depreciation-----	575,817.71	
Interest paid-----	\$45,438.21	
Bad debts, capital losses, etc.-----	44,623.44	90,061.65
	\$72,556,209.30	
Discounts earned and other income-----	71,775.60	72,484,433.70
	INCOME BEFORE TAXES	\$ 2,114,199.44
Taxes:		
Local taxes-----	\$ 260,867.10	
Social security taxes-----	199,040.06	
Provision for normal Federal and State taxes on income, less excess provision of \$10,627.46 for prior years-----	461,622.54	
	TOTAL TAXES	921,529.70
	NET INCOME	\$ 1,192,669.74
Dividends on preferred stock - \$6 per share		86,724.00
NET INCOME APPLICABLE TO COMMON STOCK		\$ 1,105,945.74
Dividends on common stock - \$2 per share--		940,000.00
BALANCE OF NET INCOME TO SURPLUS		\$ 165,945.74
Surplus - balance at October 26, 1940-----		4,928,540.21
		\$ 5,094,485.95
Deduct amount of surplus applicable to 10,000 shares common stock purchased (at book value) for treasury-----		108,116.44
	SURPLUS - OCTOBER 25, 1941	\$ 4,986,369.51

ACCOUNTANTS' REPORT

To the Board of Directors,
Geo. A. Hormel & Company:

We have examined the consolidated balance sheet of GEO A. HORMEL & COMPANY and its subsidiary as of October 25, 1941, and the consolidated statements of income and surplus for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the Companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the Companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

As a part of our examination, we tested the validity of trade accounts receivable by direct correspondence with debtors during September and October, 1941. In addition to our review of the inventory records and pricing, we were present at the main plant and at selected branches at the time of inventory taking, observed the procedures followed in determining quantities and made test counts of such quantities.

In our opinion, the accompanying balance sheet and related summary of income and surplus present fairly the consolidated position of Geo. A. Hormel & Company and its subsidiary at October 25, 1941, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Minneapolis, Minnesota
November 10, 1941

SINCE no advertising equals the spoken word of an enthusiastic user, every stockholder is urged to become acquainted with all the products of the Company, to discover their convenience and the goodness of them, and to recommend them to his friends. The following is a partial list of Hormel products which may be identified by brand in your food store:

HORMEL BRANDED BEEF

Best	Merit	Value	Hormel
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HORMEL BRANDED LAMB

Best	Merit	Value
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HORMEL HAM

	Dairy Tender Sweet Ham Tendered	Del-i-Cut Ham Ready to serve	
Dairy Boiled Ham	Del-i-Cut Buffet Style Ham Thoroughly cooked ready to serve. Delicious hot or cold.		Dairy Baked Ham

HORMEL BACON

	Dairy Slab Bacon	Minnesota Slab Bacon	
	Canadian Style Bacon Sliced in cellophane packages, or by the piece		
Dairy Sliced Bacon	Dairy Deluxe Sliced Bacon In the green carton. This is the most carefully selected and choicest of all bacon. Costs more. Worth it.	Minnesota Sliced Bacon	

HORMEL SAUSAGE

	Minnesota Fresh Country Style Pure Pork Sausage The sausage that comes by the yard. The most popular sausage we make.	
Dairy Link Pork Sausage Sage added	Minnesota Ringwurst Country Style Bologna	
	Minnesota Smoked Country Style Pure Pork Sausage	
Dairy Braunschweiger	Minnesota Liver Sausage	
Dairy Wieners	Minnesota Baked Luncheon Loaves	Dairy Liver Cheese
	Dairy Cervelat	Dairy Salami
Dilusso Genoa	Dairy Goteborg	National Salami

LARD IS STILL THE BEST SHORTENING

Dairy Lard Finest open kettle rendered.	Hormel Minnesota Lard In the Famous Red and Yellow Pails and Cartons
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HORMEL CANNED MEATS

Keep a generous supply in your pantry



APPETIZERS

SPAM

Flavor-Sealed Quarter Hams
Flavor-Sealed Half Hams
Flavor-Sealed Midget Hams
12-ounce Spiced Ham
12-ounce Pork Tongue
12-ounce Sliced Bacon
3-ounce Deviled Ham Spread
3-ounce Tongue Spread
3-ounce Liver Spread

FLAVOR-SEALED SOUPS

Vegetable Soup
Vegetable-Beef Soup
Onion Soup
Chicken Noodle Soup
Pea Soup
Chicken Consomme'
Beef Consomme'
Consomme' Madrilene
Chicken Broth

CHICKEN DELICACIES

Flavor-Sealed Whole Chicken
Flavor-Sealed Half Chicken
Flavor-Sealed Chicken a la King

FLAVOR-SEALED SPECIALTIES

Chili Con Carne
Little Pork Sausages
Cocktail Sausages
Ham a la King
Dairy Brand Wieners
Corned Beef Hash

DINTY MOORE PRODUCTS

Dinty Moore Beef Stew
Dinty Moore Spaghetti & Meat Balls
Dinty Moore Ox-Joints & Gravy
Dinty Moore Irish Stew
Dinty Moore Corned Beef & Cabbage

INSTITUTIONAL PACKAGES

Flavor-Sealed Whole Hams
Flavor-Sealed Square Hams
Dairy Brand Spiced Ham
Hormel Luncheon Meat

Dairy Brand Pork Loin
Dairy Brand Pork Tongue
Dairy Brand Bacon
Dairy Brand Pressed Ham

